

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
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CU-04 DODE-00 /064 W  
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P 201730Z MAR 78  
FM USINT HAVANA  
TO SECSTATE WASHDC PRIORITY 1429

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EO 11652: NA  
TAGS: ETRD EAIR CU US  
SUBJECT: US TOURISM IN CUBA

1. SUMMARY: CUBAN TOURISM OFFICIAL SAYS CUBANS EXPECT SURPRISINGLY LOW FIGURE OF LESS THAN THIRTEEN THOUSAND US TOURISTS ANNUALLY BETWEEN 1978 AND 1980. HE CITES LACK OF SCHEDULED AIR SERVICE AS MAJOR LIMITING FACTOR. BASED ON FIGURES SUPPLIED BY CUBANS, US TOURISM HERE IN 1978 WILL PRODUCE BASIC GROSS RPT GROSS HARD CURRENCY REVENUES OF NO GREATER THAN 2 TO 3.2 MILLION DOLLARS. (THIS EXCLUDES INCOME FROM BUSINESSMEN'S DELEGATIONS, CUBANA AIRLINES AIR AND GROUND SERVICE REVENUE, AND TOURIST INCOME DERIVED FROM EXPENSES OUTSIDE TOUR PACKAGES - SOUVENIRS, BAR EXPENSES, AND SO FORTH.) END SUMMARY.

2. USINT OFFICERS CALLED, MARCH 14, ON IRAIDO CARTAYA, CHIEF OF US-CANADA SECTION OF CUBATUR. CARTAYA STATED THAT, EXCLUDING DELEGATIONS (A CATEGORY WHICH INCLUDES MOST US BUSINESS GROUPS), CUBANS RECEIVED ONLY 1050 US TOURISTS IN 1977. (CANADIAN TOURISTS IN 1977 TOTALED SOME 30 THOUSAND, CARTAYA SAID.) IN 1978, SO FAR, CUBANS RECEIVED 978 US TOURISTS IN JANUARY AND 1200 IN FEBRUARY. FULL-YEAR 1978 PROJECTIONS (WHICH TAKE INTO ACCOUNT DECLINE OF TOURISM IN HOT MONTHS) ANTICIPATE TOTAL OF  
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8015 US TOURISTS AND SOME 32 THOUSAND CANADIAN TOURISTS. CUBATUR ESTIMATES, FOR INTERNAL PLANNING PURPOSES, THAT NUMBER OF US TOURISTS WILL GROW BY 10 TO 15 PERCENT ANNUALLY IN 1979 AND 1980. (THEREFORE, CUBATUR BELIEVES THAT NUMBER OF US TOURISTS COMING HERE IN 1980 WILL BE BETWEEN SOME 9500 AND 12,500.)

3. CARTAYA INDICATED THAT CUBATUR CHARGES US TRAVEL COMPANIES 200

TO 320 DOLLARS PER PERSON FOR GROUND PORTION OF ONE WEEK TRIP (INCLUDING HOTEL, THREE MEALS PER DAY, TRANSPORTATION AND GUIDE.) IN ADDITION, CUBATUR TAKES ADDITIONAL TWENTY PERCENT COMMISSION PLUS FIVE PERCENT PROMOTION FEE.(COMMENT: BASED ON 1978 PREDICTION OF 8 THOUSAND TOURISTS, THIS WOULD PRODUCE GROSS REVENUES - NOT PROFITS - FROM US TOURISM RANGING FROM 2 MILLION TO 3.2 MILLION DOLLARS. IN ADDITION TO THESE FIGURES, ADDITIONAL US-ORIGIN REVENUE IS PROVIDED BY BUSINESSMEN/SPECIAL INTEREST TRIPS FROM WHICH CUBANS SAY THEY RECEIVE 400 TO 500 DOLLARS PER PERSON. THESE FIGURES DO NOT, OF COURSE, INCLUDE AIR REVENUE DERIVED BY CUBANA AIRLINES WITHIN ITS SIX CHARTER FLIGHT PER YEAR LIMIT, CUBANA SCHEDULED SERVICE FROM MONTREAL, MEXICO CITY, AND KINGSTON, AND GROUND SERVICE FEES CHARGED FOREIGN SCHEDULED AND US CHARTER CARRIERS. THE FIGURES ALSO DO NOT INCLUDE EXPENDITURES BY US CITIZENS OUTSIDE PACKAGE TOURS SUCH AS ON RUM, TOBACCO, AND SOUVENIR PURCHASES AND BAR EXPENSES.)

4. CARTAYA SAID THAT TOTAL NUMBER OF FOREIGN TOURISTS WHO WILL VISIT CUBA IN 1978 SHOULD BE ABOUT 97 THOUSAND(AS AGAINST W THOUSAND IN 1977.) ABOUT FIVE THOUSAND OF THESE TOURISTS WILL COME IN CONNECTION WITH WORLD YOUTH FESTIVAL(BUT WILL NOT BE MEMBERS OF FESTIVAL DELEGATIONS). OVERALL, SOME 300 THOUSAND FOREIGNERS WILL COME TO CUBA IN 1978 - INCLUDING BOTH TOURISTS AND MEMBERS OF DELEGATIONS (A CATEGORY WHICH INCLUDES PEOPLE SUCH AS FOREIGN BUSINESSMEN.) CARTAYA HAD NO INFORMATION ON TOTAL REVENUE GENERATED BY DELEGATIONS BUT SAID THAT THOSE NOT TOTALLY FUNDED BY CUBAN STATE LIMITED OFFICIAL USE

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CONTRIBUTED FROM ABOUT 50 TO 200 DOLLARS PER PERSON REVENUE.

5. CARTAYA SAID THAT MARKET RESEARCH HAS SHOWN THAT MAJOR LIMITING FACTOR ON CUBAN TOURISM FROM US NOW IS LACK OF REGULAR AIR SERVICE, NOT LACK OF HOTEL SPACE. HE SAID CUBA NOW HAS AVAILABLE 4 THOUSAND TOURIST-QUALITY ROOMS, WITH ANNUAL CAPACITY FOR 200 THOUSAND TOURISTS. HE SAID HOTELS CURRENTLY HAVE ONLY ABOUT A FIFTY PERCENT OCCUPANCY RATE. IN RESPONSE TO QUESTION, CARTAYA SAID THAT GIVEN ALREADY EXISTING HOTEL CAPACITY, CUBANS COULD ACCOMMODATE 50 THOUSAND US AND 50 THOUSAND CANADIAN TOURISTS IN 1978. (COMMENT: CARTAYA'S VIEWS ON AVAILABLE HOTEL SPACE ARE PROBABLY OVERLY OPTIMISTIC SINCE THEY ARE BASED ON ROOM AVAILABILITY YEAR-ROUND. GIVEN EXTREME SUMMER HEAT HERE AND NEED FOR DOMESTIC TOURIST FACILITIES, AVAILABLE CAPACITY IN PEAK SEASON IS PROBABLY MORE APPROPRIATE MEASURE OF SPACE FOR US TOURISTS.)

6. WITH REGARD TO AIR TRANSPORT, CARTAYA ADDED THAT, AT PRESENT TIME AIRLINES RECEIVE 300 - 350 DOLLARS PER PERSON FOR TOURIST TRANSPORT ON SCHEDULED AIR CARRIERS (VIA TORONTO, MEXICO CITY, OR KINGSTON) OR 190 DOLLARS FOR CHARTER FLIGHTS. (PRESUMABLY SAME REVENUES ACCRUE TO CUBANA AIRLINES WHEN THEY PERFORM THESE SERVICES.)

7. IN AN EFFORT TO REDUCE TOTAL COSTS OF TRIP TO CUBA, CARTAYA SAID, CUBANS ARE NOW EXPLORING A NUMBER OF NEW TRANSPORT ALTERNATIVES. FIRST, MAKING USE OF NEW REDUCED DOMESTIC US AIR FARES TO FLORIDA, CUBANS ARE NEGOTIATING CHARTER TRIPS OUT OF TAMPA/ ST. PETERSBURG AREA (TO AVOID MIAMI SECURITY PROBLEMS) USING SMALL CARRIERS SUCH AS RED CARPET AIR SERVICE. SECOND, IN COOPERATION WITH CRYSTAL SHIP CONSULTANTS OF MIAMI, THEY ARE NEGOTIATING BEGINNING OF WEEKLY, YEAR-ROUND CRUISE SERVICE (USING LARGE PASSENGER LINERS) BETWEEN A SECURE FLORIDA PORT AND FREEPORT (4 DAYS STOP) AND HAVANA (3 DAYS STOP). THIRD, USING CHARTER AIRCRAFT, CUBANS WILL ORGANIZE ONE DAY TRIPS TO HAVANA FROM CANCUN (90 DOLLARS ROUND-TRIP FARE).

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INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 FAA-00 DOTE-00 AGRE-00  
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8. CUBANS, CARTAYA SAID, ARE ATTRACTED TO CRUISE SERVICE NOT ONLY BECAUSE IT SAVES HOTEL SPACE, BUT ALSO BECAUSE CUBAN SURVEYS SHOWS THAT 98 PERCENT OF CRUISE PASSENGERS HAVE DEPARTED SATISFIED, IN COMPARISON WITH 70 PERCENT OF ORDINARY TOURISTS. (FYI COMMON COMPLAINTS OF ORDINARY TOURISTS, HE SAID, FOCUS ON QUALITY OF PHYSICAL FACILITIES, A LACK OF TOILET SEATS, BAD PLUMBING, PRESENCE OF ROACHES, RATS, AND SO FORTH. THERE HAVE BEEN FEW COMPLAINTS ABOUT FOOD, CARTAYA SAID, THOUGH EATING OUTSIDE PACKAGE TOUR ARRANGEMNT IS DIFFICULT BECAUSE OF SCARCITY OF RESTAURANTS AND TRANSPORTATION.)

9. CARTAYA INDICATED THAT CUBANS HAVE HAD LITTLE CRIMINAL, SOCIAL, OR POLITICAL PROBLEMS SO FAR WITH AMERICAN TOURISTS SINCE THEY ARE HIGHLY CONCENTRATED GEOGRAPHICALLY WHEN IN CUBA (HE DENIES THIS WAS CUBAN INTENTION) AND BECAUSE US TOURISTS WHO HAVE SO FAR COME HAVE BEEN MORE UPSTANDING, "OPEN-MINDED", AND "PROGRES-SIVE POLITICALLY" THAN IS NORMALLY THE CASE.

10. IN AN EXTRAORDINARY ASIDE, CARTAYA VOLUNTEERED THAT CUBANS ARE NOT PARTICULARLY CONCERNED WITH THE POSSIBILITY OF BAD PUBLICITY FLOWING FROM TOURIST INCIDENTS OR CUBAN OVERSEAS POLICIES. HE SAID THAT CUBATUR HAD NOTED THAT ANY PUBLICITY IS BETTER THAN NO PUBLICITY. FOR EXAMPLE, DURING THE HEIGHT OF THE ANGOLAN INTERVEN-  
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TION, CUBA REGISTERED A TOURIST INCREASE OF FIVE THOUSAND. CUBANS, CARTAYA ADDED, DID NOT EXPECT A SIMILAR BOOST FROM ETHIOPIA BECAUSE WESTERN ACCUSATIONS APPORTIONED BLAME, NOT ONLY TO CUBA, BUT ALSO TO SOVIET UNION AND ETHIOPIA. (COMMENT: WHILE THESE OBSERVA-  
TIONS BORDER ON BIZARRE, CARTAYA APPEARS TO TAKE THEM SERIOUSLY.)

11. COMMENT: WE ARE SURPRISED BY LOW ESTIMATES ON US TOURISM PROVIDED BY CARTAYA. IF ACCURATE, THIS WOULD INDICATE THAT CUBAN LEADERSHIP CANNOT CONSIDER US TOURISM AS MAJOR MONEY-MAKER IN SHORT-RUN. PESSIMISTIC TOURIST PROJECTIONS ALSO LESSEN EXTENT TO WHICH POSSIBLE FALL IN TOURISM CAN ACT AS DETERRENT TO CUBAN INTERVENTIONISM ABROAD (THOUGH, IF WE ARE TO BELIEVE CARTAYA, CUBANS MAY BELIEVE THAT INVOLVEMENT IN AFRICA HELPS TOURISM.) WE ARE ALSO STRUCK BY CARTAYA'S AFFIRMATION THAT LACK OF SCHEDULED AIR SERVICE IS PRIME BLOCK TO INCREASED TOURISM AND REVENUES. THIS SUGGESTS THAT BEGINNING OF REGULAR AIR SERVICE CONSTITUTES USEFUL BARGAINING CHIP FROM US SIDE.  
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## Message Attributes

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